

**Remarks prepared for Ann Clemency Kohler
Deputy Commissioner
New Jersey Department of Human Services**

For

**The United States House of Representatives Committee on Energy
and Commerce
Subcommittee on Health
SCHIP Hearing
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- Good morning, I am Ann Clemency Kohler, Deputy Commissioner with the New Jersey Department of Human Services. As Deputy Commissioner, I oversee both the SCHIP and Medicaid programs in New Jersey.
- I very much appreciate the opportunity to be here today to talk to you about the importance of the Medicaid and SCHIP programs across the nation and in New Jersey. Providing affordable health care coverage has become increasingly important given the state of our current economy and the difficulties faced by many of the most vulnerable in our society.
- Medicaid and SCHIP have significantly reduced the number of children without access to quality medical care.

- In New Jersey, we provide health care coverage to well over one million individuals. We cover over 430,000 adults and 570,000 children through our SCHIP program and Medicaid programs.
- Since Governor Corzine took office, New Jersey has enrolled just under 180,000 new children.
- New Jersey has made a strong commitment to the Medicaid and SCHIP programs.
- Any proposals to limiting our Medicaid and SCHIP programs are of serious concern to us.
- While New Jersey uses a higher percentage of the federal poverty level for eligibility for its SCHIP program than all other states, we also have one of the highest median family income levels in the nation.
- The median family income for a family of four in New Jersey is \$90,261. However, in our 10 largest cities, the median income is only \$30,110 and over 30% of that income goes to cover the families housing costs. Over 34% of all children living in these cities live in poverty. In Camden, our poorest city, over 58% of all children live in poverty.

- Currently, almost 80% of the children covered under Medicaid and SCHIP live in families with incomes below 133% of the federal poverty level – which is just over \$27,000 for a family of four.
- Both Medicaid and SCHIP are essential programs to these families. By keeping the children healthy they allow the parents to go to work.
- However, recent federal proposals to change SCHIP may prevent our ability to continue to provide this critical health care coverage to the working poor.
- As the economy worsens, these families must rely on the safety net provided by Medicaid and SCHIP to provide health insurance for their children.
- The proposed regulation regarding crowd out in SCHIP would require children to remain uninsured for a full year before they can receive SCHIP coverage. This cannot happen.
- New Jersey's own experience with the crowd out provision has shown that reducing crowd out does not have a significant impact on enrollment.
- We believe that the CMS requirement of one year will cause havoc with our program and could jeopardize coverage for thousands of children.

- I know there has also been much discussion over what is being called “the private insurance decline standard.” The August 2007 CMS directive prohibits states from covering children above 250 percent of the FPL through SCHIP if employer based coverage of children among the target population has declined in their state by more than a certain percentage.
- In New Jersey, we do require that clients enroll into private insurance plans through our premium support program. However, because private employer plans provide fewer benefits and include copay and deductibles, these plans fail to meet the “cost effectiveness” test to qualify for premium support.
- In addition, part time employees are not covered by employer plans and often work rules are designed so that a large percentage of employees are part time.
- As our country enters a recession, cutting health benefits flies in the face of any efforts to stimulate the economy and provide much needed services to the poor.
- Providing health care benefits improves health outcomes and school attendance thus reducing caretaker absenteeism from work, keeping people at work and earning a paycheck. It also creates job opportunities for health care and allied professional workers in the

health care arena. There are a multitude of reasons to expand our efforts to provide health care to our children.

- I believe that we can all agree that providing health insurance for children is vital to the health of this nation. Healthier children create healthier families
- And so I believe it is in our collective best interest to urge the administration to take a more reasoned approach towards our nation's children and one of our most important national assets – their health.
- Thank you again for the opportunity to speak here this morning and I would be happy to answer any questions you may have.